

# HOUSE BILL 1482

P6

EMERGENCY BILL

2lr3305  
CF SB 1005

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By: **Delegates Lierman, Amprey, Anderton, Atterbeary, Beitzel, Belcastro, Bhandari, Boyce, Bridges, Brooks, Buckel, Charkoudian, Crosby, Crutchfield, Cullison, Ebersole, W. Fisher, Foley, Forbes, Guyton, Healey, Hill, Jackson, Jalisi, D. Jones, R. Jones, J. Lewis, Lopez, Love, Luedtke, McIntosh, Moon, Palakovich Carr, Patterson, Pena–Melnyk, Reznik, Rogers, Ruth, Shoemaker, Solomon, Stein, Stewart, Szeliga, Terrasa, Thiam, Toles, Valderrama, Valentino–Smith, Wells, Wilson, and K. Young**

Rules suspended

Introduced and read first time: March 2, 2022

Rules suspended

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Divestment From Russia**

3 FOR the purpose of requiring the Board of Trustees for the State Retirement and Pension  
4 System to review certain investment holdings; requiring the Board of Trustees to  
5 take certain divestment actions with regard to certain Russian investments;  
6 prohibiting the Board of Trustees from making certain new investments; providing  
7 certain immunities from liability for certain persons; requiring the Board of Trustees  
8 to act in good faith in taking certain actions in a certain manner; requiring the Board  
9 of Trustees to make certain recommendations to the Joint Committee on Pensions;  
10 and generally relating to the investment of assets of the State Retirement and  
11 Pension System.

12 BY adding to

13 Article – State Personnel and Pensions

14 Section 21–123.3

15 Annotated Code of Maryland

16 (2015 Replacement Volume and 2021 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
18 That the Laws of Maryland read as follows:

19 **Article – State Personnel and Pensions**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **21-123.3.**

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (2) (I) "ACTIVELY MANAGED SEPARATE ACCOUNTS" MEANS THE  
5 ACCOUNTS OF THE SEVERAL SYSTEMS THAT ARE ACTIVELY MANAGED AT THE  
6 DIRECTION OF THE BOARD OF TRUSTEES AND HELD IN SEPARATE ACCOUNTS.

7 (II) "ACTIVELY MANAGED SEPARATE ACCOUNTS" DOES NOT  
8 MEAN INDEXED FUNDS, PRIVATE EQUITY FUNDS, REAL ESTATE FUNDS, OR OTHER  
9 COMMINGLED OR PASSIVELY MANAGED FUNDS.

10 (3) "COMPANY" MEANS ANY CORPORATION, UTILITY, PARTNERSHIP,  
11 JOINT VENTURE, FRANCHISOR, FRANCHISEE, TRUST, ENTITY INVESTMENT  
12 VEHICLE, FINANCIAL INSTITUTION, OR A WHOLLY OWNED SUBSIDIARY OF ANY OF  
13 THESE ENTITIES.

14 (4) "DIVESTMENT ACTION" MEANS SELLING, REDEEMING,  
15 TRANSFERRING, EXCHANGING, OTHERWISE DISPOSING OF, AND REFRAINING FROM  
16 FURTHER INVESTMENT IN CERTAIN INVESTMENTS.

17 (5) "ELIGIBLE ACCOUNTS" MEANS ACTIVELY MANAGED SEPARATE  
18 ACCOUNTS CONTAINING FUNDS OF THE SEVERAL SYSTEMS.

19 (6) "INVESTMENT" MEANS THE COMMITMENT OF FUNDS OR OTHER  
20 ASSETS TO A COMPANY INCLUDING:

21 (I) THE OWNERSHIP OR CONTROL OF A SHARE OR INTEREST IN  
22 THE COMPANY; OR

23 (II) THE OWNERSHIP OR CONTROL OF A BOND OR OTHER DEBT  
24 INSTRUMENT OF A COMPANY.

25 (7) (I) "RUSSIA" MEANS THE GOVERNMENT OF RUSSIA OR THE  
26 GOVERNMENT OF THE RUSSIAN FEDERATION.

27 (II) "RUSSIA" INCLUDES ALL AGENCIES, INSTITUTIONS,  
28 INSTRUMENTALITIES, AND POLITICAL SUBDIVISIONS OF RUSSIA.

29 (8) "RUSSIA-RESTRICTED INVESTMENT" MEANS AN INVESTMENT IN  
30 A COMPANY:

31 (I) IDENTIFIED BY THE FEDERAL OFFICE OF FOREIGN ASSETS

1 CONTROL AS A RUSSIAN ENTITY WITH WHICH TRANSACTIONS ARE PROHIBITED BY  
2 FEDERAL LAW;

3 (II) OWNED, IN WHOLE OR IN PART, BY RUSSIA;

4 (III) CONTROLLED BY A COMPANY THAT IS OWNED, IN WHOLE OR  
5 IN PART, BY RUSSIA;

6 (IV) INCORPORATED IN RUSSIA; OR

7 (V) WHOSE PRINCIPAL PLACE OF BUSINESS IS LOCATED WITHIN  
8 RUSSIA, TO THE EXTENT THIS DETERMINATION CAN BE MADE.

9 (B) THE BOARD OF TRUSTEES SHALL REVIEW THE INVESTMENT HOLDINGS  
10 IN ELIGIBLE ACCOUNTS FOR THE PURPOSE OF DETERMINING THE EXTENT TO WHICH  
11 FUNDS IN ELIGIBLE ACCOUNTS ARE INVESTED IN RUSSIA-RESTRICTED  
12 INVESTMENTS.

13 (C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, THE  
14 BOARD OF TRUSTEES:

15 (1) SHALL TAKE DIVESTMENT ACTION IN ELIGIBLE ACCOUNTS WITH  
16 REGARD TO CURRENT INVESTMENTS:

17 (I) IN ANY RUSSIA-RESTRICTED INVESTMENT; OR

18 (II) IN ANY SECURITY OR INSTRUMENT ISSUED BY RUSSIA; AND

19 (2) MAY NOT MAKE ANY NEW INVESTMENTS FROM NET NEW FUNDS IN  
20 AN ELIGIBLE ACCOUNT IN ANY RUSSIA-RESTRICTED INVESTMENT.

21 (D) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE BOARD OF  
22 TRUSTEES MAY EXCLUDE FROM THE PROVISIONS OF SUBSECTION (C) OF THIS  
23 SECTION A COMPANY:

24 (1) THAT THE UNITED STATES GOVERNMENT AFFIRMATIVELY  
25 DECLARES TO BE EXCLUDED FROM ITS FEDERAL SANCTIONS REGIME RELATING TO  
26 RUSSIA; AND

27 (2) WHOSE DIVESTMENT CANNOT BE EXECUTED FOR FAIR MARKET  
28 VALUE OR GREATER.

29 (E) ON OR BEFORE APRIL 1 AND OCTOBER 1 EACH YEAR, THE BOARD OF  
30 TRUSTEES SHALL SUBMIT A REPORT, IN ACCORDANCE WITH § 2-1257 OF THE STATE

1 **GOVERNMENT ARTICLE, TO THE SENATE BUDGET AND TAXATION COMMITTEE, THE**  
2 **HOUSE APPROPRIATIONS COMMITTEE, AND THE JOINT COMMITTEE ON PENSIONS**  
3 **THAT PROVIDES:**

4 **(1) ALL DIVESTMENT ACTIONS TAKEN BY THE BOARD OF TRUSTEES**  
5 **IN ACCORDANCE WITH THIS SECTION;**

6 **(2) A LIST OF INVESTMENTS THAT THE BOARD OF TRUSTEES HAS**  
7 **DETERMINED TO BE INELIGIBLE FOR INVESTMENTS OF NET NEW FUNDS UNDER**  
8 **SUBSECTION (C)(2) OF THIS SECTION; AND**

9 **(3) OTHER DEVELOPMENTS RELEVANT TO RUSSIA-RESTRICTED**  
10 **INVESTMENTS.**

11 **(F) THE BOARD OF TRUSTEES OR ANY OTHER FIDUCIARY OF THE SEVERAL**  
12 **SYSTEMS MAY NOT BE HELD LIABLE FOR ANY ACTIONS TAKEN OR DECISIONS MADE**  
13 **IN GOOD FAITH FOR THE PURPOSE OF COMPLYING WITH OR EXECUTING THE**  
14 **REQUIREMENTS OF ANY DIVESTMENT PROVISIONS UNDER THIS SECTION.**

15 **(G) THE BOARD OF TRUSTEES SHALL ACT IN GOOD FAITH TO CARRY OUT**  
16 **DIVESTMENT ACTION AS REQUIRED BY THIS SECTION IN COMPLIANCE WITH ALL**  
17 **APPLICABLE STATE AND FEDERAL LAW, INCLUDING RELEVANT JUDICIAL**  
18 **DECISIONS.**

19 **(H) NOTHING IN THIS SECTION SHALL REQUIRE THE BOARD OF TRUSTEES**  
20 **TO TAKE ACTION AS DESCRIBED IN THIS SECTION UNLESS THE BOARD OF TRUSTEES**  
21 **DETERMINES IN GOOD FAITH THAT THE ACTION IS CONSISTENT WITH THE**  
22 **FIDUCIARY RESPONSIBILITIES OF THE BOARD OF TRUSTEES AS DESCRIBED IN**  
23 **SUBTITLE 2 OF THIS TITLE.**

24 **SECTION 2. AND BE IT FURTHER ENACTED, That:**

25 **(a) Notwithstanding any other provision of this Act, Section 1 of this Act may not**  
26 **be applied to investments or divestment actions by the Board of Trustees for the State**  
27 **Retirement and Pension System in connection with a Russia-restricted investment if the**  
28 **United States government declares an end to financial sanctions against the Russian**  
29 **Federation related to its invasion of and violation of the sovereignty of Ukraine.**

30 **(b) Within 6 months after a declaration or other action described under subsection**  
31 **(a) of this section, the Board of Trustees shall recommend to the Joint Committee on**  
32 **Pensions legislation that would amend Section 1 of this Act.**

33 **SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency**  
34 **measure, is necessary for the immediate preservation of the public health or safety, has**  
35 **been passed by a ye and nay vote supported by three-fifths of all the members elected to**

1 each of the two Houses of the General Assembly, and shall take effect from the date it is  
2 enacted.